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ELLSWORTH C. ALVORD (1964)

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OF COUNSEL
URBAN A. LESTER

December 17, 2004

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

RECORDATION NO. 25176-A FILED

DEC 17 '04 4-00 PM

SURFACE TRANSPORTATION BOARD

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Termination of Security Interest, dated as of December 16, 2004, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document is a complete release and relates to the Memorandum of Mortgage previously filed with the Board under Recordation Number 25176.

The name and address of the party to the enclosed document are:

Secured Party: Bayerische Hypo-Und Vereinsbank AG, Agent
FPA 4 Lease/Asset Finance
Am Tucherpark 1 (FPA)
80538 Munich
Germany

[Debtor: Babcock & Brown Rail Funding LLC
599 Lexington Avenue
New York, NY 10022]

Mr. Vernon A. Williams
December 17, 2004
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A description of the railroad equipment covered by the enclosed document
is:

25 railcars: SOO 600100 - SOO 600124, and

199 railcars: AOK 29150 - AOK 29349 (except AOK 29295).

A short summary of the document to appear in the index is:

Termination of Security Interest.

Also enclosed is a check in the amount of \$32.00 payable to the order of
the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the
undersigned.

Very truly yours,



Robert W. Alvord

RWA/anm
Enclosures

RL

25176-A FILED

DEC 1 '04

4-00 PM

EXECUTION COPY

SURFACE TRANSPORTATION BOARD TERMINATION OF SECURITY INTEREST

THIS TERMINATION OF SECURITY INTEREST (this "**Termination**") is made this 17th day of December, 2004 between **BABCOCK & BROWN RAIL FUNDING LLC** (the "**Borrower**") and **BAYERISCHE HYPO- UND VEREINSBANK AG**, as agent (the "**Agent**") for the banks under the Amended and Restated Security Agreement dated as of October 18, 2002 (as amended, supplemented or otherwise modified through the date hereof, including, without limitation, as supplemented by Security Agreement Supplement No. 13 dated August 31, 2004 ("**Security Agreement Supplement No. 13**"), the "**Security Agreement**"). Capitalized terms used in this Termination and not otherwise defined herein shall have the meanings (by cross-reference or otherwise) in the Security Agreement.

WHEREAS, the Security Agreement created a lien and security interest in favor of the Agent in and to the Units and the Qualifying Leases (each as defined in the Security Agreement);

WHEREAS, the Borrower and the Agent are parties to (i) that certain Memorandum of Mortgage, dated as of August 31, 2004, a copy of which was duly filed with the Surface Transportation Board (the "**STB**") on August 31, 2004 at 12:33 p.m. EDT under Recordation Number 25176 (the "**STB Memorandum of Mortgage**"), and (ii) that certain Memorandum of Mortgage, dated as of August 31, 2004, a copy of which was duly filed with the Registrar General of Canada (the "**RGC**") on August 31, 2004 (the "**Canada Memorandum of Mortgage**"), and, together with the STB Memorandum of Mortgage, collectively, the "**Memoranda of Mortgage**", and each, individually, a "**Memorandum of Mortgage**"; and

WHEREAS, the Borrower and the Agent now desire to terminate and cancel the Agent's security interest in and mortgage lien upon all right, title and interest of the Borrower in, to and under the property described in Schedule I to Security Agreement Supplement No. 13, and Exhibits A and B to each Memorandum of Mortgage, as specified in Exhibit I hereto, as applicable, and to record such termination and cancellation with the STB and the RGC.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower and the Agent, intending to be legally bound, agree as follows:

1. The Borrower and the Agent hereby terminate and cancel the Agent's security interest in and mortgage lien upon all right, title and interest of the Borrower in, to and under the property described in Schedule I to Security Agreement Supplement No. 13 and Exhibits A and B to each Memorandum of Mortgage, as specified in Exhibit I hereto, as applicable, effective as of the date this Termination is filed with the STB and the RGC (the "**Effective Date**"), and the Borrower and the Agent hereby agree that no rights, duties or liabilities under the Security Agreement in relation to the property described in Schedule I to Security Agreement Supplement No. 13 and Exhibits A and B to each Memorandum of Mortgage, as specified in Exhibit I hereto, shall survive such termination and cancellation of the Agent's security interest in and mortgage lien upon all right, title and interest of the Borrower in, to and under the property described in Schedule I to Security Agreement Supplement No. 13 and Exhibits A and B to each Memorandum of Mortgage, as specified in Exhibit I hereto, except with respect to acts, events,

[Termination of Security Interest]

or omissions under the Security Agreement occurring on or prior to the Effective Date and indemnities with respect to such acts, events or omissions.

2. The Borrower and the Agent agree to record this Termination with the STB and the RGC so as to release any security interest in and mortgage lien upon the property described in Schedule I to Security Agreement Supplement No. 13 and Exhibits A and B to the relevant Memorandum of Mortgage, as specified in Exhibit I hereto, as applicable, created by or arising out of the Security Agreement.

3. This Termination may be executed in any number of counterparts, each executed counterpart constituting an original but all together constituting only one and the same agreement.

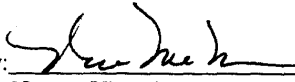
4. This Termination shall be governed by and construed in accordance with the laws of the State of New York and is being delivered in the State of New York.

* * *

[Termination of Security Interest]

IN WITNESS WHEREOF, the Borrower and the Agent have each caused this Termination of Security Interest to be duly executed and delivered as of the date first above written.

**BABCOCK & BROWN RAIL FUNDING
LLC**

By: 
Name: Victoria McManus
Title: President

**BAYERISCHE HYPO- UND
VEREINSBANK AG**, not in its individual
capacity except as expressly provided herein,
but solely as Agent

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

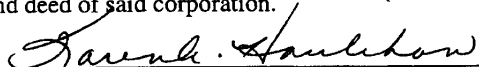
[Termination of Security Interest]

STATE OF NEW YORK)

) SS:

COUNTY OF NEW YORK)

On this 17th day of December, 2004, before me personally appeared Victoria McManus, to me personally known, who, being by me duly sworn, says that she is President of Babcock & Brown Rail Funding LLC and that the foregoing Termination of Security Interest was signed on behalf of said corporation. Further, she acknowledged that the execution of the foregoing Termination of Security Interest was the free act and deed of said corporation.


Notary Public

(NOTARIAL SEAL)

My Commission Expires:
KAREN A. HOULIHAN
Notary Public, State of New York
No. 01HO6051904
Qualified in New York County
Commission Expires December 4, 2006

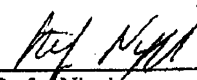
[Termination of Security Interest]

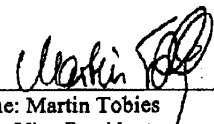
IN WITNESS WHEREOF, the Borrower and the Agent have each caused this
Termination of Security Interest to be duly executed and delivered as of the date first above
written.

**BABCOCK & BROWN RAIL FUNDING
LLC**

By: _____
Name:
Title:

**BAYERISCHE HYPO- UND
VEREINSBANK AG**, not in its individual
capacity except as expressly provided herein,
but solely as Agent

By: 
Name: Stefan Niggel
Title: Managing Director

By: 
Name: Martin Tobies
Title: Vice President

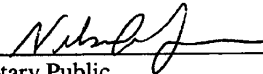
[Termination of Security Interest]

STATE OF NEW YORK)

) SS:

COUNTY OF NEW YORK)

Subscribed to me on this 17th day of December, 2004 by Stefan Niggel, Managing Director of Bayerische Hypo- und Vereinsbank AG and Martin Tobies, Vice President of Bayerische Hypo- und Vereinsbank AG.



Notary Public

(NOTARIAL SEAL)

My Commission Expires:

December 8, 2007

NELSON A. FERREIRA
Notary Public, State of New York
Registration #02FE6102354
Qualified in New York County
My Commission Expires Dec. 8, 2007

[Termination of Security Interest]

**Exhibit I to
Termination of Security Interest**

EQUIPMENT

Lease #	# Cars	Year Built	Description	Reporting Marks	Casualty Marks
1	25	2004	73' riserless deck Centerbeam Flatcars, 286,000 GRL, AAR car type code F483, manufactured by America Railcar Industries, Inc.	SOO 600100-600124, inclusive.	None.
2	199	2004	73' riserless deck Centerbeam Flatcars, 286,000 GRL, AAR car type code F483, manufactured by America Railcar Industries, Inc.	AOK 29150-29294 and AOK 29296- 29349, inclusive.	None.

LIST OF LEASES AND OTHER OPERATIVE AGREEMENTS

1. Lease Agreement made as of September 1, 2003, by and between Greenbrier Leasing Corporation and Soo Line Railroad Company.
2. Schedule No. 3 to Lease Agreement made as of March 1, 2004, by and between Greenbrier Leasing Corporation and Soo Line Railroad Company.
3. Memorandum of Lease Agreement and Schedule No. 3 made and entered into as of March 1, 2004, by and between Greenbrier Leasing Corporation and Soo Line Railroad Company.
4. Bill of Sale dated May 20, 2004, from American Railcar Industries, Inc. to Greenbrier Leasing Corporation.
5. Bill of Sale dated August 31, 2004 from Greenbrier Leasing Corporation to Babcock & Brown Rail Funding LLC, in respect of the Equipment described under the caption "Lease # 1" in Exhibit I hereto.
6. Purchase Agreement [GLC] dated as of August 31, 2004, between Greenbrier Leasing Corporation and Babcock & Brown Rail Funding LLC, to the extent the same relates to the Equipment described under the caption "Lease # 1" in Exhibit I hereto.
7. Assignment and Assumption Agreement, dated as of August 31, 2004, between Greenbrier Leasing Corporation and Babcock & Brown Rail Funding LLC, in respect of the Equipment described under the caption "Lease # 1" in Exhibit I hereto.
8. Notice and Acknowledgment dated August 20, 2004, made by Greenbrier Leasing Corporation and Babcock & Brown Rail Funding LLC to Soo Line Railroad Company, in respect of the Equipment described under the caption "Lease # 1" in Exhibit I hereto.
9. Notice Pursuant to Notice and Acknowledgment dated August 31, 2004, made by Babcock & Brown Rail Funding LLC and Greenbrier Leasing Corporation to Soo Line Railroad Company, in respect of the Equipment described under the caption "Lease # 1" in Exhibit I hereto.
10. Warranty Assignment [Soo Line] dated as of August 31, 2004, between Greenbrier Leasing Corporation, as assignor thereunder, and Babcock & Brown Rail Funding LLC, as assignee thereunder, in respect of the Equipment described under the caption "Lease # 1" in Exhibit I hereto.
11. Manufacturer's Consent dated August 18, 2004, made by American Railcar Industries, Inc. to Babcock & Brown Rail Funding LLC, in respect of the Equipment described under the caption "Lease # 1" in Exhibit I hereto.
12. Side Letter dated August 31, 2004 from Babcock & Brown Rail Funding LLC addressed to Greenbrier Leasing Corporation, in respect of the original equipment cost for the Equipment described under the caption "Lease # 1" in Exhibit I hereto.

Exhibit I

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[Termination of Security Interest]

13. Letter Agreement dated August 31, 2004 from Greenbrier Leasing Corporation addressed to Babcock & Brown Rail Funding LLC, in respect of the Equipment described under the caption "Lease # 1" in Exhibit I hereto.

14. Lease Agreement made as of April 1, 2004, by and between Greenbrier Leasing Corporation and RailTex, Inc.

15. Schedule No. 1 to Lease Agreement made as of April 1, 2004, by and between Greenbrier Leasing Corporation and RailTex, Inc.

16. Memorandum of Lease Agreement and Schedule No. 1 made and entered into as of April 1, 2004, by and between Greenbrier Leasing Corporation and RailTex, Inc.

17. Bill of Sale dated August 10, 2004, from American Railcar Industries, Inc. to Greenbrier Leasing Corporation.

18. Bill of Sale dated August 31, 2004 from Greenbrier Leasing Corporation to Babcock & Brown Rail Funding LLC, in respect of the Equipment described under the caption "Lease # 2" in Exhibit I hereto.

19. Purchase Agreement [GLC] dated as of August 31, 2004, between Greenbrier Leasing Corporation and Babcock & Brown Rail Funding LLC, to the extent the same relates to the Equipment described under the caption "Lease # 2" in Exhibit I hereto.

20. Assignment and Assumption Agreement, dated as of August 31, 2004, between Greenbrier Leasing Corporation and Babcock & Brown Rail Funding LLC, in respect of the Equipment described under the caption "Lease # 2" in Exhibit I hereto.

21. Notice and Acknowledgment dated August 26, 2004, made by Babcock & Brown Rail Funding LLC and Greenbrier Leasing Corporation to RailTex, Inc., in respect of the Equipment described under the caption "Lease # 2" in Exhibit I hereto.

22. Notice Pursuant to Notice and Acknowledgment dated August 31, 2004, made by Babcock & Brown Rail Funding LLC and Greenbrier Leasing Corporation to RailTex, Inc., in respect of the Equipment described under the caption "Lease # 2" in Exhibit I hereto.

23. Warranty Assignment [RailTex] dated as of August 31, 2004, between Greenbrier Leasing Corporation, as assignor thereunder, and Babcock & Brown Rail Funding LLC, as assignee thereunder, in respect of the Equipment described under the caption "Lease # 2" in Exhibit I hereto.

24. Manufacturer's Consent dated August 18, 2004, made by American Railcar Industries, Inc. to Babcock & Brown Rail Funding LLC, in respect of the Equipment described under the caption "Lease # 2" in Exhibit I hereto.

25. Side Letter dated August 31, 2004 from Babcock & Brown Rail Funding LLC addressed to Greenbrier Leasing Corporation, in respect of the original equipment cost for the Equipment described under the caption "Lease # 2" in Exhibit I hereto.

[Termination of Security Interest]

26. Letter Agreement dated August 31, 2004 from Greenbrier Leasing Corporation addressed to Babcock & Brown Rail Funding LLC, in respect of the Equipment described under the caption "Lease # 2" in Exhibit I hereto.


27. Railcar Service Agreement [RailTex] dated as of August 31, 2004, between Greenbrier Management Services, LLC and Babcock & Brown Rail Funding LLC, in respect of the Equipment described under the caption "Lease # 2" in Exhibit I hereto.

Together with all substitutions, replacements and renewals of the property above described, and all property which shall hereafter become physically attached to or incorporated in the property above described, whether the Borrower now has rights therein or such rights shall hereafter be acquired by it.

CERTIFICATION

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: 12/17/04



Robert W. Alvord